

**MISSOURI HEALTH AND EDUCATIONAL  
FACILITIES AUTHORITY**

**FINANCIAL STATEMENTS,  
REQUIRED SUPPLEMENTAL INFORMATION  
AND  
INDEPENDENT AUDITORS' REPORT  
FOR THE  
YEARS ENDED DECEMBER 31, 2012 AND 2011**

Missouri Health and Educational Facilities Authority

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**Missouri Health and Educational Facilities Authority  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Years Ended December 31, 2012 and 2011**

This section of the Missouri Health and Educational Facilities Authority (the “Authority”) annual financial report presents management’s discussion and analysis of the Authority’s operations and financial position during the fiscal years ended December 31, 2012 and 2011. This analysis should be read in conjunction with the independent auditors’ report, financial statements, notes to the financial statements and supplementary information.

## **BACKGROUND ON THE AUTHORITY**

The Health and Educational Facilities Authority of the State of Missouri was created by an Act of the Missouri General Assembly and became operational in 1979. The Authority is a self-supporting entity under the Office of Administration of the State of Missouri. No taxing power exists and no appropriations or other State support are received by the Authority. It is empowered to make loans to any qualified health or educational institution and to refund outstanding obligations, mortgages or advances issued, made or given for the cost of the facilities. The Authority’s transactions are accounted for in a single enterprise fund which is a type of proprietary fund that maintains operations similar to private business enterprises.

The Authority assists Missouri not-for-profit and governmental institutions in borrowing funds at the lowest possible cost to provide quality medical and educational services to Missouri residents. Interest paid on Authority bonds and notes is exempt from Federal and Missouri state income taxation, resulting in materially lower interest rates for substantial savings on financing cost. Many types of health care and education institutions across the state arranged for health facilities ranging from fewer than 100 to over 1,000 beds, including acute and primary care facilities, teaching centers, medical research institutions, osteopathic hospitals, retirement and nursing homes, specialized care centers and alcoholic rehabilitation treatment centers with Authority issued financing. Educational financings include public universities, liberal arts colleges, major research universities and medical schools, institutions of specialized instruction, public school districts, private elementary and secondary schools and charter schools.

During 1985, the Authority became authorized to assist public school districts and community colleges with loans to fund shortfalls in operating funds during the school year.

In 1988, the Authority issued a series of bonds designed to assist organizations that provide care for persons affected by mental disabilities.

During 1995, the Authority was charged with developing guidelines for and the administration of the Direct Deposit Program, which provides strong credit ratings for Missouri school districts. The Authority also developed the HELP Program which provides low interest loans to small health care and educational facilities.

The Authority’s bonds and notes do not constitute a debt or liability of the State of Missouri or any political subdivision thereof, within the meaning of any State constitutional provision or statutory limitation. The credit supporting any Authority note or bond issue is the credit of the individual borrowing institution. The bonds and notes are limited obligations of the Authority payable solely from payments made by the borrowing institution.

**Missouri Health and Educational Facilities Authority**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
For the Years Ended December 31, 2012 and 2011  
*(Continued)*

## **FINANCIAL HIGHLIGHTS**

- The Authority's total net assets increased by \$273,336 from 2011 to 2012 and \$296,193 from 2010 to 2011.
- During the year ended December 31, 2012, the Authority's total revenues exceeded expenses by \$273,336. The Authority had operating expenses of \$961,425 in 2012 compared to \$900,446 in 2011 and operating revenues of \$1,220,625 compared to \$1,182,477 for those same years.

## **OVERVIEW OF THE FINANCIAL STATEMENTS**

The three basic statements presented within the financial report are as follows:

- Balance Sheet – This statement presents information reflecting the Authority's assets, liabilities and net assets. Net assets represent the amount of total assets less total liabilities. The balance sheet is categorized as to current and noncurrent assets and liabilities. For purposes of the financial statements, current assets and liabilities are those assets and liabilities with immediate liquidity or which are collectible or become due within one year of the statement date.
- Statement of Revenues, Expenses and Changes in Net Assets – This statement reflects the operating revenue, expenses, and non-operating revenue during the year. Operating revenue is from administrative fees charged to health care and educational institutions. The change in net assets for an enterprise fund is similar to net profit or loss for any other business enterprise.
- Statement of Cash Flows – The statement of cash flows is presented on the direct method of reporting which reflects cash flows from operating and investing activities. Cash collections and payments are reflected in this statement to arrive at the net increase or decrease for the year.

The following summarizes the financial position of the Authority for the years ended December 31, 2012 and 2011.

	ASSETS		Increase (Decrease)
	2012	2011	
Current assets	\$ 7,544,039	\$ 7,987,492	(\$ 443,453)
Noncurrent assets	<u>3,334,372</u>	<u>2,632,254</u>	<u>702,118</u>
Total Assets	<u>\$ 10,878,411</u>	<u>\$ 10,619,746</u>	<u>\$ 258,665</u>
 <b>LIABILITIES AND NET ASSETS</b>			
Current liabilities	\$ 175,466	\$ 190,137	(\$ 14,671)
Net assets	<u>10,702,945</u>	<u>10,429,609</u>	<u>273,336</u>
Total Liabilities and Net Assets	<u>\$ 10,878,411</u>	<u>\$ 10,619,746</u>	<u>\$ 258,665</u>

**Missouri Health and Educational Facilities Authority**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
For the Years Ended December 31, 2012 and 2011  
*(Continued)*

**OVERVIEW OF THE FINANCIAL STATEMENTS *(Continued)***

The following summarizes the results of operations of the Authority for the years ended December 31, 2012 and 2011.

	2012	2011	Increase (Decrease) 2012 vs 2011
Operating revenues	\$ 1,220,625	\$ 1,182,477	\$ 38,148
Operating expenses	<u>961,425</u>	<u>900,446</u>	<u>60,979</u>
Operating Income	259,200	282,031	( 22,831)
Non-operating revenue (expense):			
Investment income	<u>14,136</u>	<u>14,162</u>	<u>( 26)</u>
Change in Net Assets	273,336	296,193	( 22,857)
Total Net Assets - Beginning of Year	<u>10,429,609</u>	<u>10,133,416</u>	<u>296,193</u>
Total Net Assets - End of Year	<u>\$ 10,702,945</u>	<u>\$ 10,429,609</u>	<u>\$ 273,336</u>

**ANALYSIS**

Over 83% of operating revenue comes from annual service fees paid by borrowers as a result of having previously taken advantage of financing opportunities offered by the Authority. Total outstanding transactions continue to increase and demand for new transactions is very strong. The Authority is confident that while its fees and interest rates are low compared to similar issuers in other states, the various operating revenue sources are adequate to maintain the operations of the Authority. Interest income on investment of reserves is the other component of total revenue. Interest rates remained stable during the year. As such, total investment revenue in 2012 was consistent with 2011.

The Authority issues bonds, notes and leases on behalf of various health systems, stand-alone hospitals, medical research institutions, long term care facilities, higher educational institutions, public school districts, private elementary and secondary schools and educational systems. In 2012, activity was approximately 75% health care and 25% education in terms of dollar volume and 70% and 30%, respectively, in terms of the number of transactions. Historically, activity has been approximately 65% health care and 35% education in terms of dollar volume and 50% each in terms of the number of transactions.

Fiscal year 2012 represented a typical number of financings. The 17 bond and note issues completed in 2012 represented a typical number historically, and equal to the ten-year average. The dollar volume of \$1,345,520,000 was higher than both the historic average and the ten-year average.

Missouri Health and Educational Facilities Authority  
MANAGEMENT DISCUSSION AND ANALYSIS  
For the Years Ended December 31, 2012 and 2011  
*(Continued)*

**ANALYSIS** *(Continued)*

In addition, the Authority's direct loan HELP Program continues to be a success in providing low cost loans to small health and education providers and to public school districts.

The Missouri School District Direct Deposit Program finished the June 30, 2012 fiscal year with 145 transactions and \$829,016,936 in school district bonds. The Authority acts as Program Administrator and not issuer; therefore the activity is not recorded in the Authority's financial statements. The program's administration fees were \$58,000 for the year ended December 31, 2012 and \$69,600 for the year ended December 31, 2011.

**ADMINISTRATION OF AUTHORITY CONDUIT DEBT**

As of December 31, 2012, the Authority had outstanding \$7,745,375,893 of conduit debt in bonds, notes and leases. The total amount outstanding continues to grow as more money is borrowed through the capital markets than is paid off through calls, maturities, refundings, etc. which is well within the expectation, scope and purpose of the Authority. Transactions outstanding include publicly placed bonds with various ratings from Standard & Poor's, Fitch and/or Moody's ranging from AAA/Aaa through BBB-/Baa3, publicly placed bonds that are unrated, privately placed unrated bonds and notes with various short term ratings.

More detailed information regarding the outstanding and defeased debt of the Authority can be found in Note G to the financial statements and in the supplemental information section at the back of the financial statements.

**CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide interested parties with a general overview of the Authority's finances and to demonstrate its accountability for the monies received. If you have questions about this report or need additional financial information, contact the Authority's Executive Director or Assistant Director at 15450 South Outer Forty Road, Suite 230, Chesterfield, Missouri 63017.



### Independent Auditors' Report

To the Members of the  
Missouri Health and Educational Facilities Authority  
Chesterfield, Missouri

We have audited the accompanying financial statements of the Missouri Health and Educational Facilities Authority (the "Authority"), which comprise the balance sheets as of December 31, 2012 and 2011, and the related statements of revenues, expenses and changes in net assets, and of cash flows for the years then ended, and the related notes to the financial statements.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Missouri Health and Educational Facilities Authority as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for years then ended in accordance with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i – iv be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Hennessee & Co., PC*

St. Louis, Missouri  
April 3, 2013

## **FINANCIAL STATEMENTS**

Missouri Health and Educational Facilities Authority  
BALANCE SHEETS

	ASSETS	
	December 31,	
	<u>2012</u>	<u>2011</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 3,646,852	\$ 7,249,708
Investments	3,225,000	225,000
Receivables	77,112	27,590
Notes receivable, current portion	548,352	440,836
Prepaid expenses and other current assets	<u>46,723</u>	<u>44,358</u>
Total Current Assets	<u>7,544,039</u>	<u>7,987,492</u>
NOTES RECEIVABLE, NON-CURRENT	3,329,950	2,624,619
PROPERTY, PLANT, AND EQUIPMENT, net	<u>4,422</u>	<u>7,635</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 10,878,411</u></b>	<b><u>\$ 10,619,746</u></b>
LIABILITIES AND NET ASSETS		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 15,270	\$ 11,389
Deferred administrative fee income	<u>160,196</u>	<u>178,748</u>
Total Current Liabilities	<u>175,466</u>	<u>190,137</u>
NET ASSETS		
Unrestricted	<u>10,702,945</u>	<u>10,429,609</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 10,878,411</u></b>	<b><u>\$ 10,619,746</u></b>

See accompanying notes to financial statements

**Missouri Health and Educational Facilities Authority  
STATEMENTS OF REVENUES, EXPENSES, AND  
CHANGES IN NET ASSETS**

	Years Ended December 31,	
	<u>2012</u>	<u>2011</u>
<b>REVENUE</b>		
Administrative fees	\$ 1,009,707	\$ 977,895
Interest income - HELP program	118,814	125,254
Direct deposit program fees	58,000	69,600
Application fees and other	<u>34,104</u>	<u>9,728</u>
 Total Revenue	 <u>1,220,625</u>	 <u>1,182,477</u>
<b>OPERATING EXPENSES</b>		
Salaries and fringe benefits	407,407	395,313
Legal and professional fees	343,270	296,678
General and administrative expenses	<u>210,748</u>	<u>208,455</u>
 Total Operating Expenses	 <u>961,425</u>	 <u>900,446</u>
 Operating Income	  <u>259,200</u>	  <u>282,031</u>
<b>NON-OPERATING INCOME</b>		
Investment income	<u>14,136</u>	<u>14,162</u>
 <b>CHANGES IN NET ASSETS</b>	  <u>273,336</u>	  <u>296,193</u>
 NET ASSETS, Beginning of year	  <u>10,429,609</u>	  <u>10,133,416</u>
 NET ASSETS, End of year	  <u>\$ 10,702,945</u>	  <u>\$ 10,429,609</u>

See accompanying notes to financial statements

**Missouri Health and Educational Facilities Authority**  
**STATEMENTS OF CASH FLOWS**

	Years Ended December 31,	
	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash received from others	\$1,159,191	\$1,230,787
Cash payments to suppliers for goods and services	( 549,289)	( 493,991)
Cash paid to employees for services and benefits	<u>( 407,407)</u>	<u>( 395,313)</u>
Net Change in Cash and Cash Equivalents from Operating Activities	<u>202,495</u>	<u>341,483</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant, and equipment	-	( 1,698)
Issuance of notes receivable	( 1,480,000)	( 145,625)
Payments received on notes receivable	667,153	426,428
Purchase of investments	( 3,225,000)	( 225,000)
Sale of investments	225,000	225,000
Investment interest received	<u>7,496</u>	<u>13,065</u>
Net Change in Cash and Cash Equivalents from Investing Activities	<u>( 3,805,351)</u>	<u>292,170</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>		
	( 3,602,856)	633,653
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<u>7,249,708</u>	<u>6,616,055</u>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$3,646,852</u>	<u>\$7,249,708</u>
 <b>RECONCILIATION OF CHANGES IN NET ASSETS TO NET CHANGE IN CASH FROM OPERATING ACTIVITIES</b>		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Operating income	\$ 259,200	\$ 282,031
Adjustments to reconcile changes in net assets to net change in cash and cash equivalents from operating activities:		
Depreciation expense	3,213	3,104
(Increase) decrease in assets:		
Receivables - operating	( 42,882)	( 11)
Prepaid expenses	( 2,365)	1,738
Increase (decrease) in liabilities:		
Accounts payable	3,881	6,300
Deferred administrative fee income	<u>( 18,552)</u>	<u>48,321</u>
Net Change in Cash and Cash Equivalents from Operating Activities	<u>\$ 202,495</u>	<u>\$ 341,483</u>

See accompanying notes to financial statements

Missouri Health and Educational Facilities Authority

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Missouri Health and Educational Facilities Authority (the "Authority") is a public instrumentality of the State of Missouri intended to provide an additional capital financing method for non-profit and governmental health and educational institutions within the State of Missouri. The Authority may issue tax-exempt revenue bonds, notes or other obligations on behalf of non-profit institutions for the purpose of construction, improvement of facilities or the refinancing of outstanding debt. These bonds, notes or other obligations and the interest thereon do not constitute a debt or liability of the Authority, the State of Missouri or any political subdivision thereof, but are special obligations between the investors and the debtors payable solely from the payments received by the trustees under the loan agreements.

The Authority is a related organization to the State of Missouri, and as such, the State is accountable for the Authority.

**Reporting Entity**

The Missouri Health and Educational Facilities Authority's financial reporting entity has been defined in accordance with Governmental Accounting Standards Board (GASB) Statement No. 14 "*The Reporting Entity*." The financial statements include all departments and operations for which the Authority is financially accountable. Financial accountability exists if a primary government/component unit appoints a majority of an organization's governing board and is able to impose its will on that organization. Financial accountability may also be deemed to exist if there is a potential for the organization to provide financial benefits to, or impose financial burdens on, the primary government/component unit. On this basis, no governmental organizations other than the Authority itself are included in the financial reporting entity.

**Basis of Accounting and Revenue Recognition**

The Authority is organized as a proprietary activity; therefore, the accompanying financial statements are prepared on the accrual basis of accounting. Revenues are recognized when earned and expenses recorded when liabilities are incurred. The Authority applies all Governmental Accounting Standards Board (GASB) pronouncements and has elected to apply the following pronouncements issued on or before November 30, 1989, unless they conflict with or contradict GASB pronouncements: Statements and Interpretations of the Financial Accounting Standards Board, Accounting Principles Board Opinions, and Accounting Research Bulletins. The Authority has elected not to follow FASB pronouncements issued after November 30, 1989.

**Cash and Cash Equivalents**

For purposes of the Statements of Cash Flows, the Authority considers cash equivalents to include short-term investments which generally are investments with maturities of 90 days or less when purchased that are both (1) readily convertible to known amounts of cash, or (2) so near their maturity that they present insignificant risk of change in value because of changes in interest rates. Cash includes \$3,592,519 of an insured money market account at December 31, 2012.

Missouri Health and Educational Facilities Authority

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

*(Continued)*

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)***

**Cash and Cash Equivalents *(Continued)***

The Authority maintains its cash in bank deposits which at times may exceed federally insured limits of up to \$250,000 for each institution. The Authority has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

**Investments**

Investments are stated at fair value in accordance with GASB Statement No. 31.

**Accounts and Notes Receivables**

The Authority uses the reserve method of accounting for bad debts. Under this method, all uncollectible accounts are charged to the allowance account, and bad debt expense is determined by adjusting the balance in the allowance account to reserves considered reasonable by management. Management believes that substantially all accounts receivable are collectible and, therefore, has not established an allowance for doubtful accounts at December 31, 2012 or 2011.

**Deferred Administrative Fee Income**

The Authority's revenues are derived from service fees assessed on a percentage of the outstanding bond principal of each issue. The institutions are generally billed in advance on a quarterly basis and revenues are recognized ratably over the period earned.

**Concentration of Credit Risk**

One of the Authority's notes receivable from a non-profit institution, totaling \$233,957, is uncollateralized (Note C).

**Net Assets**

Net assets represent the difference between assets and liabilities and are classified as either: capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction, or improvement of those assets; restricted when there are limitations imposed on their use either by law through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments; and unrestricted for those net assets that do not meet the definition of invested in capital assets, net of related debt or restricted.

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

Missouri Health and Educational Facilities Authority  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2012 and 2011  
*(Continued)*

**A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** *(Continued)*

**Financial Instruments**

The carrying amount of cash and cash equivalents, accounts receivable, prepaid expenses, accounts payable, and deferred income approximates fair value due to the short-term maturities of these instruments.

**Property and Equipment**

Property and equipment consists mainly of office furniture and equipment recorded at cost. Depreciation expense for fixed assets is recognized on the straight-line method over estimated useful lives ranging from three to seven years. Property and equipment activity was as follows:

	December 31, 2010	December 31, 2011	December 31, 2012
	Balance	Activity	Balance
Total capital assets being depreciated	\$ 99,851	(\$ 28,054)	\$ 71,797
Less accumulated depreciation	( 90,810)	26,648	( 64,162)
Total Property and Equipment, net	<u>\$ 9,041</u>	<u>(\$ 1,406)</u>	<u>\$ 7,635</u>
			<u>(\$ 3,213)</u>
			<u>\$ 4,422</u>

Depreciation expense for the years ended December 31, 2012 and 2011 was \$3,213 and \$3,104, respectively.

**Subsequent Events**

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through April 3, 2013, the date the financial statements were available to be issued.

**B. INVESTMENTS**

The Board has adopted an investment policy which identifies various authorized investment instruments, maturity constraints, investment ratings, and liquidity parameters. Authorized investments include obligations of the United States of America and its agencies; obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service; certificates of deposit which are either insured, secured by specified securities or issued by a bank or other financial institution whose outstanding unsecured long-term debt is rated within the top two rating categories of any nationally recognized rating service; repurchase agreements; obligations of banks and other financial institutions whose outstanding unsecured long-term debt is rated within the top two rating categories of any nationally recognized rating service and short-term obligations of the Federal National Mortgage Association and Government National Mortgage Association.

## Missouri Health and Educational Facilities Authority

## NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

(Continued)

**B. INVESTMENTS (Continued)**

At December 31, 2012, the Authority had its investments in Certificates of Deposit with the following annual maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Less Than 1</u>	<u>1 - 5</u>	<u>6 - 10</u>	<u>More Than 10</u>
Certificates of Deposit	\$ 3,225,000	\$ 3,225,000	\$ -	\$ -	\$ -

*Custodial Credit Risk—Deposits.* Custodial credit risk is the risk that in the event of a bank failure, Missouri Health and Educational Facilities Authority's deposits may not be returned to it. The Authority's Certificates of Deposit are invested either in banks with a rating of AA or AAA or in banks who deposit the funds through the Certificate of Deposit Account Registry Service (CDARS) program. As of December 31, 2012, none of the Authority's Certificate of Deposit balance of \$3,225,000 was exposed to custodial credit risk as uninsured and uncollateralized.

*Interest Rate Risk –* Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority holds Certificates of Deposit with maturities generally ranging from three months to two years. The Authority's policy is to hold investments which mature or are redeemable at the option of the holder on a date or date prior to the time when the funds so invested will be required for expenditure.

*Credit Risk –* Credit risk is the risk that an issuer or other counterparty to a debt instrument will not fulfill its obligations. The Authority's policy is defined by Missouri statute and limits investments to obligations of the United States of America and its agencies; obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service; certificates of deposit which are either insured, secured by specified securities or issued by a bank or other financial institution whose outstanding unsecured long-term debt is rated within the top two rating categories of any nationally recognized rating service; repurchase agreements; obligations of banks and other financial institutions whose outstanding unsecured long-term debt is rated within the top two rating categories of any nationally recognized rating service and short-term obligations of the Federal National Mortgage Association and Government National Mortgage Association. The Authority's investments consist of Certificates of Deposit which are protected up to \$250,000 per bank by the Federal Deposit Insurance Corporation. No uninsured amount exists at December 31, 2012.

Missouri Health and Educational Facilities Authority

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

*(Continued)*

**B. INVESTMENTS *(Continued)***

*Concentration of Credit Risk* – Concentration of credit risk is the risk of loss attributed to the concentration of an entity’s investment in a single issuer. The Authority’s policy is defined by Missouri statute and limits investments to obligations of the United States of America and its agencies; obligations of any State or political subdivision rated within the top two rating categories of any nationally recognized rating service; certificates of deposit which are either insured, secured by specified securities or issued by a bank or other financial institution whose outstanding unsecured long-term debt is rated within the top two rating categories of any nationally recognized rating service; repurchase agreements; obligations of banks and other financial institutions whose outstanding unsecured long-term debt is rated within the top two rating categories of any nationally recognized rating service and short-term obligations of the Federal National Mortgage Association and Government National Mortgage Association.

**C. NOTES RECEIVABLE**

The Authority has made loans to school districts and small and rural providers of health and educational services at interest rates of 1.56% to 5.00% per annum on outstanding balances. These loans require monthly principal and interest payments and have a maturity of ten to twenty years.

At December 31, 2012 and 2011, the interest bearing notes receivable are as follows:

	Due	2012	2011
Citizen Memorial Healthcare	2019	\$ 292,357	\$ 328,628
Centralia of Boone County	2022	269,159	-
Community Hospital	2013	10,456	34,682
Forest Institute of Prof. Psychology	2018	147,522	170,318
I-70 Medical Center	2015	65,882	85,226
Jordan Valley Community Health Center	2018	231,334	269,739
Katy Trail Community Health	2018	-	138,658
La Plata R-II School District	2017	213,845	253,038
Maysville School District	2022	290,484	-
Mexico #59 of Audrain County	2019	272,864	310,407
Miami School District	2022	236,514	-
Miriam School & Foundation	2020	480,175	529,966
Nodaway-Holt R7 of Nodaway and Holt	2020	-	66,879
Northeast Missouri Health Council	2022	120,899	129,619
Northwest Health Services, Inc.	2012	-	4,727
Northwest Health Services, Inc.	2014	44,444	67,026
Family Health Center of Boone County	2021	127,528	139,332
Family Health Center	2022	232,876	-
Steelville R-3 of Crawford County	2018	233,957	272,524
Western Johnson County Health Clinic	2018	226,183	264,686
Willard School District	2022	<u>381,823</u>	<u>-</u>
 Total Notes Receivable		 3,878,302	 3,065,455
Current Portion		<u>( 548,352)</u>	<u>( 440,836)</u>
 Notes Receivable, Non-Current		 <u>\$3,329,950</u>	 <u>\$2,624,619</u>

Missouri Health and Educational Facilities Authority

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

*(Continued)*

**D. LEASE COMMITMENT**

In January 2009, the Authority entered into a 6-year lease agreement for office space. The effective date of the lease is May 2009. Previous to 2009, the Authority leased office space at the same location under a seventy-two month office lease agreement that was entered into in April 1997 and amended April 2003. Future minimum lease payments under the lease are as follows:

<u>Year Ending December 31,</u>	
2013	\$ 78,301
2014	79,175
2015	<u>26,489</u>
Total	<u>\$183,965</u>

Rent expense was \$78,066 and \$76,502 for the years ended December 31, 2012 and 2011, respectively.

**E. PENSION PLAN**

The Authority has a defined contribution retirement plan covering all full-time employees. The Authority contributes to the plan, on a quarterly basis in arrears, an amount equal to twenty percent of each qualified employee's salary. Such contributions are fully vested. For the years ended December 31, 2012 and 2011, expenses under this plan were \$59,000 and \$57,281, respectively.

**F. DEFERRED COMPENSATION PLAN**

The Authority has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all Authority employees who qualify under the plan terms, and permits employees to defer a portion of their salary until future years. As required by the Internal Revenue Code, the plan assets have been placed in a trust for the exclusive benefit of the employees and are not the property of the Authority or subject to the claims of the Authority's general creditors. Accordingly, the assets of the plan are not reflected in the financial statements.

Missouri Health and Educational Facilities Authority

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

*(Continued)*

**G. CONDUIT DEBT OBLIGATIONS**

The Authority has issued debt obligations on behalf of certain non-profit institutions for the purpose of construction, improvement of facilities or the refinancing of outstanding debt. These bonds, notes or other obligations and the interest thereon do not constitute a debt or liability of the Authority, the State of Missouri or any political subdivision thereof, but are special obligations between the investors and the debtors payable solely from the payments received by the trustee under the loan agreements and meet the definition of conduit debt in Governmental Accounting Standards Board Interpretation No. 2, Disclosure of Conduit Debt Obligations. The number of issues and principal amount outstanding at December 31, 2012 and 2011 are as follows:

	2012		2011	
	Number of Issues	Principal Amount	Number of Issues	Principal Amount
Revenue Bonds Payable	125	\$ 7,738,375,893	130	\$ 7,374,518,058
School District Advance Funding and Private Education Notes Payable	2	7,000,000	3	10,900,000
Total	127	<u>\$ 7,745,375,893</u>	133	<u>\$ 7,385,418,058</u>

**SUPPLEMENTAL  
INFORMATION**



SCHMERSAHL TRELOAR & CO.  
Certified Public Accountants

**Independent Auditors' Report  
on Additional Information**

To the Members of the  
Missouri Health and Educational Facilities Authority  
Chesterfield, Missouri

Our report on our audits of the basic financial statements of the Missouri Health and Educational Facilities Authority for the years ended December 31, 2012 and 2011 appears on page 1 and 2 of the statements. Those audits were performed for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Conduit Debt is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management. The information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

*Schmersahl Treloar & Co., PC*

April 3, 2013

(13)

**Missouri Health and Educational Facilities Authority**  
**SCHEDULE OF CONDUIT DEBT**  
**UNAUDITED December 31, 2012 and 2011**

**MORTGAGE AND REVENUE BONDS PAYABLE**

The following revenue bonds of the Authority are collateralized by either or both of a pledge of the revenues of the borrowing institution or by first mortgages on the physical property financed with the proceeds of the debt offerings and by the Authority's assignment of its interest in the mortgaged properties to the trustees of the bond issues at December 31, 2012 and 2011:

**PUBLIC PLACEMENT REVENUE BONDS PAYABLE**

Institution	Series	Due in Varying Installments During	Range of Annual Interest Rate Percentages	2012	2011
Academie Lafayette	2003	2028	(1)	\$ 2,550,000	\$ 2,550,000
Ascension Health	2003	2026-2039	(1)	193,325,000	193,325,000
Ascension Health	2008C	2015-2026	(1)	102,050,000	102,050,000
A.T. Still University*	2011	2013-2041	2.0-4.0	25,150,000	25,150,000
Barstow School	2008	2010-2040	(1)	9,835,000	10,010,000
BJC Health System*	1993	1994-2021	2.70-6.00	30,995,000	45,900,000
BJC Health System*	2003	2016-2033	4.125-5.25	-	221,000,000
BJC Health System*	2005AB	2015-2034	4.125-5.00	157,890,000	157,890,000
BJC Health System*	2008ABCDE	2014-2038	(1)	368,575,000	368,575,000
Bethesda Health Group Inc.*	2009	2010-2041	3.5	75,425,000	76,430,000
Capital Region Medical*	2011	2012-2027	2.25-4	31,120,000	32,835,000
Children's Mercy Hospital*	2008AB	2009-2032	(1)	27,600,000	69,175,000
Children's Mercy Hospital	2009	2011-2039	2-5.625	176,920,000	179,215,000
Christian Brothers College HS	2002ABC	2032	(1)	35,000,000	35,000,000
Cox Medical Center*	1992	1995-2022	4.25-6.70	7,824,172	12,602,292
Cox Medical Center*	1993	1994-2015	2.60-5.35	15,080,000	22,890,000
Cox Medical Center	2008ABC	2011-2043	(1)	267,135,000	267,360,000
Deaconess Long-Term Care*	1996	1997-2016	(1)	-	9,195,000
Deaconess Long-Term Care*	2000	2001-2030	(1)	-	3,670,000
De Smet Jesuit High School	2002	2027	(1)	12,185,000	12,790,000
Drury University*	1999A	2000-2024	(1)	-	21,185,000
Drury University	2003	2028	(1)	-	4,065,000
Drury University	2012	2012-2042	2.42-3.72	33,595,000	-
Freeman Health System*	1994	1995-2024	5.0	35,565,000	36,645,000
Freeman Health System*	1998	1999-2028	4.15-5.25	-	11,905,000
Heartland Health	2012	2013-2044	3.875-5.0	50,000,000	-
Jefferson Memorial Hospital*	2004	2005-2028	2.30-5.25	30,980,000	32,035,000
Jefferson Memorial Hospital*	2005	2006-2020	3.00-4.50	3,205,000	3,910,000
John Burroughs School	2003	2004-2014	1.25-4.20	-	2,035,000
K.C. Univ. of Med. & Biosciences*	2001	2002-2031	2.75-5.00	6,645,000	6,855,000
Kansas City Art Institute	2005	2035	(1)	12,000,000	12,000,000
Lake Regional Health System*	2003	2005-2034	2.35-5.70	-	24,125,000
Lake Regional Health System*	2010	2010-2020	3-5	25,605,000	27,285,000
Lake Regional Health System	2012	2013-2034	2.0-5.0	22,275,000	-

**Missouri Health and Educational Facilities Authority**  
**SCHEDULE OF CONDUIT DEBT**  
**UNAUDITED December 31, 2012 and 2011**  
*(Continued)*

**PUBLIC PLACEMENT REVENUE BONDS PAYABLE (Continued)**

Institution	Series	Due in Varying Installments During	Range of Annual Interest Rate Percentages	2012	2011
Lutheran Church Extension Fund	2004A	2029	(1)	\$ 14,235,000	\$ 19,760,000
Lutheran Church Extension Fund	2007	2037	(1)	21,075,000	27,215,000
Lutheran HS Assoc. Project	2002	2022	(1)	3,140,000	3,140,000
Lutheran Senior Services	2000	2031	(1)	42,280,000	43,560,000
Lutheran Senior Services*	2005A	2024-2035	4.60-5.375	30,000,000	30,000,000
Lutheran Senior Services*	2005B	2006-2027	3.15-5.125	17,400,000	18,190,000
Lutheran Senior Services*	2007ABC	2008-2042	4.00-5.00	53,875,000	55,585,000
Lutheran Senior Services*	2008	2032-2039	(1)	50,000,000	50,000,000
Lutheran Senior Services*	2010	2010-2042	(1)	38,300,000	38,300,000
Lutheran Senior Services*	2011	2015-2041	3.1-5	47,425,000	47,425,000
Maryville University*	2006	2007-2030	3.70-5.00	20,800,000	21,555,000
Maryville University*	2010	2010-2021	(1)	14,930,000	15,300,000
Missouri Baptist College	2010	2010-2035	4.7	23,530,000	23,530,000
Missouri Pooled Hospital Loan Program*	1999A	2002-2029	(1)	11,410,000	12,240,000
Missouri State University	2002	2003-2016	1.35-4.35	9,405,000	9,685,000
Parkside Meadows*	2007	2008-2027	(1)	10,907,000	10,907,000
Pembroke Hill School*	1998	1999-2023	(1)	9,815,000	11,750,000
Pembroke Hill School*	2001	2002-2026	(1)	8,350,000	8,500,000
Ranken Technical College	2011AB	2012-2031	(2)	16,755,000	17,340,000
Rockhurst University	2011AB	2012-2036	(1)	43,475,000	44,645,000
SEMO University '10 A,B	2010	2010-2040	(1)	-	58,280,000
Sisters of Mercy	2001ABC	2031	(1)	378,300,000	378,300,000
Sisters of Mercy	2012	2013-2042	3.0-3.75	250,000,000	-
Southeast Missouri University	2010 A,B	2013-2040	(1)	57,035,000	-
Southwest Baptist University*	1998	1999-2023	4.15-5.40	-	4,445,000
Southwest Baptist University	2003	2006-2033	(1)	-	6,795,000
Southwest Baptist University	2012	2013-2033	3.0-3.5	13,925,000	-
SSM Health Care*	2002AB	2003-2020	(2)	60,000,000	70,695,000
SSM Health Care*	2005ABCD	2008-2035	(1)	233,625,000	324,025,000
SSM Health Care*	2008A	2020-2036	5.0	104,000,000	104,000,000
SSM Health Care*	2010BCDE	2010-2045	(1)	351,165,000	447,170,000
St. Anthony's Medical Center*	2005AB	2006-2030	(1)	70,000,000	72,650,000
St. Anthony's Medical Center*	2006AB	2009-2036	(1)	67,350,000	68,050,000
St. Francis Medical Center*	1996	1997-2026	(1)	9,355,000	10,140,000
St. John Vianney H.S.	2005	2030	(1)	4,000,000	4,000,000
St. John Vianney H.S.	2006	2018	(1)	3,500,000	3,500,000
St. Louis Charter School*	2002AB	2004-2023	4.25-5.10	4,340,000	4,600,000
St. Louis College of Pharmacy*	2006	2007-2027	3.20-4.40	36,115,000	37,860,000

**Missouri Health and Educational Facilities Authority**  
**SCHEDULE OF CONDUIT DEBT**  
**UNAUDITED December 31, 2012 and 2011**  
*(Continued)*

**PUBLIC PLACEMENT REVENUE BONDS PAYABLE (Continued)**

Institution	Series	Due in Varying Installments During	Range of Annual Interest Rate Percentages	2012	2011
St. Louis Priory School	2009	2033	(1)	\$ 3,550,000	\$ 3,550,000
St. Louis University*	1998	1999-2018	4.00-5.50	17,790,000	21,670,000
St. Louis University	1999AB	2000-2024	(1)	37,110,000	39,385,000
St. Louis University	2002	2003-2032	(1)	8,175,000	8,175,000
St. Louis University*	2003A	2003-2016	(1)	2,065,000	3,420,000
St. Louis University	2008AB	2008-2035	(1)	162,870,000	164,730,000
St. Louis University HS	1999	1999-2028	2.95-5.00	-	4,215,000
St. Louis University HS	2007	2007-2028	3.75-4.25	12,115,000	13,165,000
St. Luke's Episc.-Presb. Hospital	2007	2017-2036	4.50-5.00	54,210,000	-
St. Luke's Episc.-Presb. Hospital	2011	2012-2025	2.5-5.25	36,810,000	39,930,000
St. Luke's Health System*	2003AB	2020-2032	(1)	125,000,000	125,000,000
St. Luke's Health System	2004A	2004-2019	2.00-5.00	51,425,000	57,440,000
St. Luke's Health System*	2005AB	2020-2035	(1)	100,000,000	100,000,000
St. Luke's Health System*	2007	2017-2036	4.50-5.00	-	54,210,000
St. Luke's Health System	2008ABC	2021-2040	(1)	-	140,000,000
St. Luke's Health System*	2010A	2010-2041	(1)	93,475,000	95,720,000
St. Pius-KC/St. Joseph Diocese*	2011	2012-2029	(2)	5,420,000	5,620,000
Stephens College*	1999	2000-2029	4.10-6.00	-	3,480,000
Stowers Institute	2000	2035	(1)	215,000,000	215,000,000
Stowers Institute*	2002	2032-2036	(1)	75,000,000	75,000,000
University of Missouri-MU Project	2011	2012-2021	2.0-5.0	18,450,000	20,125,000
University of Central Missouri	2002	2003-2017	1.25-4.35	5,865,000	6,765,000
University of Central Missouri*	2009	2010-2029	1.5-5.05	18,200,000	18,980,000
Washington University	1996	2030	(1)	142,400,000	142,400,000
Washington University	2000ABC	2030-2040	(2)	88,000,000	88,000,000
Washington University	2001A	2011-2041	5.00-5.50	48,250,000	48,250,000
Washington University	2003A	2033	5.00	-	93,430,000
Washington University	2003B	2033	(1)	25,135,000	25,135,000
Washington University*	2004AB	2006-2034	(1)	86,000,000	88,300,000
Washington University	2005A	2006-2022	3.00-5.00	13,850,000	14,940,000
Washington University*	2007AB	2021-2041	4.20-5.00	230,995,000	230,995,000
Washington University	2008A	2018-2039	5.25-5.375	193,625,000	193,625,000
Washington University	2009A	2030-2039	4.5-5	93,770,000	93,770,000
Washington University*	2011ABC	2012-2041	0.75-4.45	193,695,000	196,830,000
Washington University	2012	2013-2047	2.39-3.68	200,785,000	-
Webster University	2011	2015-2036	4.0-5.0	61,385,000	61,385,000
William Jewell College*	2005	2006-2035	2.75-4.450	14,130,000	14,500,000
Total Public Placement Revenue Bonds Payable				6,322,896,172	6,639,934,292

**Missouri Health and Educational Facilities Authority**  
**SCHEDULE OF CONDUIT DEBT**  
**UNAUDITED December 31, 2012 and 2011**  
*(Continued)*

**PRIVATE PLACEMENT REVENUE BONDS PAYABLE**

Institution	Series	Due in Varying Installments During	Range of Annual Interest Rate Percentages	2012	2011
Avila University	2011AB	2012-2031	(1)	\$ 16,985,000	\$ 17,435,000
Barat Academy	2007	2007-2037	5.95	-	12,500,000
BJC Health System*	2011AB	2043-2046	(1)	200,000,000	200,000,000
BJC Health System*	2012ABCDE	2013-2042	2.13-5.25	271,000,000	-
Burrell Behavioral Health	2011	2012-2031	3.12	2,281,000	2,376,000
John Burroughs School	2012	2014-2032	(1)	20,000,000	-
Churchill School	2008	2009-2026	(1)	4,467,000	4,729,000
Cox Medical Centers	2007	2007-2017	4.32	2,560,040	3,054,440
Crider Health Center	2009	2010-2029	(1)	5,479,300	5,719,100
Dialysis Clinic	2000	2001-2020	(1)	2,100,000	2,300,000
Family Care Health Center	2010	2010-2020	3.31	1,862,496	2,061,960
Fr. Augustine Tolton	2010	2010-2017	(1)	6,975,000	7,075,000
Fontbonne College	2009	2010-2034	5.7	12,615,000	12,970,000
Forsyth School	1996	1996-2016	6.99	-	448,300
Forsyth School	2004	2006-2024	(1)	-	2,638,884
Forsyth School	2012	2012-2032	(1)	4,855,000	-
Kansas City Academy	1993	1993-2013	6.50	8,756	25,444
Kauffman School	2012	2013-2027	(2)	52,050,000	-
Lee's Summit Christian School	2010	2010-2030	(1)	8,740,000	9,065,000
Life Flight Eagle	2003	2004-2013	5.25	2,424,616	2,692,809
Life Flight Eagle	2007	2007-2017	4.30	2,080,707	2,294,163
Living Word Christian School	2002	2002-2027	(1)	3,434,036	3,601,073
Mercy Health	2011ABCD	2012-2039	(1)	363,775,000	376,425,000
Pembroke Hill School	2009	2010-2027	(1)	9,365,000	11,060,000
Preferred Family Healthcare	2009A	2009-2015	4.46	5,789,391	6,224,641
Preferred Family Healthcare	2011	2012-2031	(1)	4,145,160	4,581,720
Rockhurst High School	2010ABC	2010-2036	(1)	18,745,000	19,345,000
SSM Health Care	2007	2007-2012	3.56	-	1,615,358
SSM Health Care	2009	2009-2014	(1)	11,020,424	17,060,483
SSM Health Care	2012AB	2013-2045	(1)	183,265,000	-
St. Anthony's Medical Center	2007	2007-2014	4.01	699,368	1,169,696
St. Louis University High School	2012	2014-2024	(1)	4,215,000	-
St. Luke's Kansas City	2012AB	2012-2040	(1)	140,000,000	-
St. Luke's Kansas City	2012C	2013-2042	(1)	50,000,000	-
Truman Medical Center	2002	2003-2012	5.47	-	372,694
Truman Medical Center	2006ABC	2007-2018	5.20-5.435	3,871,788	4,956,282
University of Central Missouri	2007	2008-2017	4.90	670,639	786,719
Total Private Placement Revenue Bonds Payable				1,415,479,721	734,583,766
Total Revenue Bonds Payable				\$ 7,738,375,893	\$ 7,374,518,058

- (1) Rate fluctuates within established minimum and maximum ranges.  
(2) Interest rate range applies to a portion of this bond issue, and a variable rate applies to the remainder.  
\* Subject to mandatory redemption.

Missouri Health and Educational Facilities Authority  
SCHEDULE OF CONDUIT DEBT  
UNAUDITED December 31, 2012 and 2011  
*(Continued)*

**SCHOOL DISTRICT ADVANCE FUNDING AND PRIVATE EDUCATION NOTES PAYABLE**

The Authority issues public school notes for the purpose of providing funds to purchase the tax and revenue anticipation notes ("TRANS") of certain Missouri school districts and to assist them in maintaining an orderly cash flow. These notes are collateralized by the "TRANS", bear interest at the rate of 2.00% per annum, and are issued pursuant to Indentures of Trust. At December 31, 2012 and 2011, no public school notes were outstanding.

The Authority also issues private education notes for the purpose of providing funds, assisting in capital projects and maintaining orderly cash flows. The notes bear interest at a rate of 4.00% per annum, are issued pursuant to an Indenture of Trust and are secured by a pledge of the Trust Estate, using any and all available resources. At December 31, 2012 and 2011, total private education school notes outstanding were \$7,000,000 and \$10,900,000, respectively. The notes have a one year term and mature on April 25, 2013.

At December 31, 2012 and 2011, the outstanding public school and private education notes payable were as follows:

	<u>2012</u>	<u>2011</u>
<b>PRIVATE EDUCATION NOTES PAYABLE</b>		
Drury University	\$ 2,500,000	\$ 4,000,000
Rockhurst University	4,500,000	4,900,000
Ranken Technical College	<u>-</u>	<u>2,000,000</u>
 Total Private Education Notes Payable	 <u>7,000,000</u>	 <u>10,900,000</u>
 Total Public School and Private Education Notes Payable	 <u>\$ 7,000,000</u>	 <u>\$ 10,900,000</u>

Missouri Health and Educational Facilities Authority  
 SCHEDULE OF CONDUIT DEBT  
 UNAUDITED December 31, 2012 and 2011  
*(Continued)*

**MATURITIES OF OUTSTANDING CONDUIT DEBT OBLIGATIONS**

The aggregate maturities of the outstanding conduit debt obligations above at December 31, 2012, are as follows:

Year	Amount
2013	\$ 124,308,395
2014	150,044,873
2015	148,687,329
2016	181,652,330
2017-2021	834,190,075
2022-2026	1,006,360,006
2027-2031	1,419,431,885
2032-2036	1,631,841,000
2037-2041	1,681,140,000
2042-2047	<u>567,720,000</u>
Total	<u>\$ 7,745,375,893</u>

**DEFEASED BOND ISSUES**

Since 1983, certain institutions obtained financing to advance refund and defease their outstanding Revenue Bonds through the Authority.

Pursuant to the requirements of the bond loan agreements, the institutions have deposited amounts into escrow trust accounts sufficient to pay all outstanding principal, interest and redemption premiums as they become due. The amounts so transferred are pledged solely for the holders of the outstanding bonds.

At December 31, 2012, the following amounts of advance refunded and defeased bonds were outstanding:

DEFEASED ISSUANCE	CALL DATE	2013	2014	2013-2014 Total
BJC Series 2003	5/15/2013	\$ 221,000,000	\$ -	\$ 221,000,000
Lake Regional Health System 2003	2/15/2014	-	23,570,000	23,570,000
Stephens College 1999	1/31/2013	<u>3,370,000</u>	<u>-</u>	<u>3,370,000</u>
		<u>\$ 224,370,000</u>	<u>\$ 23,570,000</u>	<u>\$ 247,940,000</u>

Due to the defeasance of these bond issues, the bonds payable balances are not included in the Schedule of Conduit Debt Obligations above.